

KYRA KAZANTZIS (STATE BAR NO. 154612)
ANNETTE KIRKHAM (STATE BAR NO. 217958)
JESSICA FRY (RLSA NO. 800918)
LAW FOUNDATION OF SILICON VALLEY
111 West Saint John Street, #315
San Jose, CA 95113
Telephone: (408) 280-2458
Facsimile: (408) 293-0106
Email: jessicaf@lawfoundation.org;
kyrak@lawfoundation.org;
annettek@lawfoundation.org

WILLIAMS J. GOINES (STATE BAR NO. 61290)
KAREN ROSENTHAL (STATE BAR NO. 209419)
CINDY HAMILTON (STATE BAR NO. 217951)
GREENBERG TRAUIG LLP
1900 University Avenue, Fifth Floor
East Palo Alto, CA 94303
Telephone: (650) 328-8500
Facsimile: (650) 328-8508
Email: goinesw@gtlaw.com; rosenhalk@gtlaw.com
hamiltonc@gtlaw.com

Attorneys for Plaintiffs

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

In re:	Bankruptcy Case No. 09-54184
LINDA DUNG NGOC TRAN,	(Chapter 7)
Debtor.	

MARIA A. GARVIN, JESUS ARREOLA,
ANTONIA ARREOLA, RAFAEL M. BRAVO,
TOMAS HERNANDEZ, MARTHA
HERNANDEZ, JUAN RAMIREZ, MARIA C.
RAMIREZ, EUGENIO RAMOS, COLUMBA
RAMOS, PROSPERO TORRALBA, CIRILA
TORRALBA, RAUL TORRES, and RAUL
GONZALEZ,

Plaintiffs,

v.

LINDA DUNG NGOC TRAN,
Defendant.

Adv. Pro. No. _____

**COMPLAINT OBJECTING TO
DISCHARGE**

[11 U.S.C. § 727(c)]

**COMPLAINT OBJECTING TO
DISCHARGEABILITY OF A DEBT**

[11 U.S.C. § 523 (a)(2)(A)]

[11 U.S.C. § 523 (a)(4)]

[11 U.S.C. § 523 (a)(6)]

DEMAND FOR JURY TRIAL

1 Plaintiffs, MARIA A. GARVIN, JESUS ARREOLA, ANTONIA ARREOLA, RAFAEL M.
2 BRAVO, TOMAS HERNANDEZ, MARTHA HERNANDEZ, JUAN RAMIREZ, MARIA C.
3 RAMIREZ, EUGENIO RAMOS, COLUMBA RAMOS, PROSPERO TORRALBA, CIRILA
4 TORRALBA, RAUL TORRES, and RAUL GONZALEZ, respectfully represent:

5 1. Plaintiffs are creditors of the Defendant herein.
6 2. Defendant is the Debtor in Case No. 09-54184
7 3. This is an adversary proceeding in which Plaintiffs are objecting to the
8 dischargeability of a debt of Defendant and to the discharge of the discharge of Defendant. The
9 Court has jurisdiction of this adversary proceeding pursuant to 28 U.S.C. section 1334 and 11 U.S.C.
10 section 727. This is a core proceeding under 28 U.S.C. section 157(b) and 28 U.S.C. section
11 157(b)(2)(J).

12 4. On March 20, 2007, Plaintiffs filed a complaint in the United States District Court for
13 the Northern District of California entitled Garvin, et al., v. Tran, et al., Case No. C-07-01571 RS
14 ("Federal Court Action"). Defendant Linda Dung Ngoc Tran ("Tran") was named as Defendant in
15 the Federal Court Action.

16 5. Defendant Tran filed a voluntary petition for relief under Chapter 7 of the United
17 States Bankruptcy Code on May 29, 2009.

18 6. The last day to file complaints pursuant to 11 U.S.C. § 523(c) is September 24, 2009.

19 **I. PARTIES**

20 7. Plaintiff Maria Argentina Garvin is a Hispanic woman who traces her national origin
21 to Mexico. At all relevant times alleged herein, Maria Argentina Garvin was over the age of 18 and a
22 resident of Santa Clara County. At all relevant times alleged herein, Maria Argentina Garvin had
23 only limited understanding of the English language, and all communications by and to Maria
24 Argentina Garvin alleged herein occurred in the Spanish language, unless specifically alleged
25 otherwise.

26 8. Plaintiff Jesus Arreola is the husband of Antonia Arreola. He is a Hispanic man over
27 the age of 18 who traces his national origin to Mexico. At all relevant times alleged herein, Jesus
28

1 Arreola had only limited understanding of the English language, and all communications by and to
2 Jesus Arreola alleged herein occurred in the Spanish language, unless specifically alleged otherwise.

3 9. Plaintiff Antonia Arreola is a married Hispanic woman who traces her national origin
4 to Mexico. At all relevant times alleged herein, Antonia Arreola was over the age of 18 and a
5 resident of Santa Clara County and spoke only Spanish and all communications by and to Antonia
6 Arreola alleged herein occurred in the Spanish language, unless specifically alleged otherwise.

7 10. Plaintiff Rafael Maldonado Bravo is a Hispanic man who traces his national origin to
8 Mexico. At all relevant times alleged herein, Rafael Maldonado Bravo was over the age of 18 and a
9 resident of Santa Clara County. At all relevant times alleged herein, Plaintiff Rafael Maldonado
10 Bravo spoke minimal English, and was not proficient in reading or writing in the English language.
11 Accordingly, all communications with Rafael Maldonado Bravo alleged herein occurred in the
12 Spanish language, unless specifically alleged otherwise.

13 11. Plaintiff Tomas Hernandez is a married Hispanic man who traces his national origin to
14 Mexico. At all relevant times alleged herein, Tomas Hernandez was over the age of 18 and a resident
15 of Santa Clara County. At all relevant times alleged herein, Tomas Hernandez spoke limited English,
16 and was not proficient in reading or writing in the English language. Accordingly, all
17 communications involving Tomas Hernandez alleged herein occurred in the Spanish language, unless
18 specifically alleged otherwise.

19 12. Plaintiff Martha Hernandez is a Hispanic woman who is married to Tomas Hernandez
20 and who traces her national origin to Mexico. At all relevant times alleged herein, Martha Hernandez
21 was over the age of 18 and a resident of Santa Clara County. At all relevant times alleged herein,
22 Plaintiff Martha Hernandez spoke minimal, if any, English, and did not read or write in the English
23 language. Accordingly, all communications involving Martha Hernandez alleged herein occurred in
24 the Spanish language, unless specifically alleged otherwise.

25 13. Plaintiff Juan Ramirez is a Hispanic man who traces his national origin to Mexico. At
26 all relevant times alleged herein, Juan Ramirez was over the age of 18 and a resident of Santa Clara
27 County. At all relevant times alleged herein, Plaintiff Juan Ramirez spoke minimal, if any, English,
28

1 and did not read or write in the English language. Accordingly, all communications involving Juan
2 Ramirez alleged herein occurred in the Spanish language, unless specifically alleged otherwise.

3 14. Plaintiff Maria C. Ramirez is the wife of Juan Ramirez. At all relevant times alleged
4 herein, Maria Ramirez was over the age of 18 and a resident of Santa Clara County. At all relevant
5 times alleged herein, Plaintiff Maria Ramirez spoke minimal, if any, English, and did not read or
6 write in the English language. Accordingly, all communications involving Maria Ramirez alleged
7 herein occurred in the Spanish language, unless specifically alleged otherwise.

8 15. Plaintiff Eugenio Ramos is a married Hispanic man who traces his national origin to
9 Mexico. At all relevant times alleged herein, Eugenio Ramos was over the age of 18 and a resident
10 of Santa Clara County. At all relevant times alleged herein, Eugenio Ramos spoke minimal English,
11 and was not proficient in reading or writing in the English language. Accordingly, all
12 communications involving Eugenio Ramos alleged herein occurred in the Spanish language, unless
13 specifically alleged otherwise.

14 16. Plaintiff Columba Ramos is a Hispanic woman who is married to Eugenio Ramos and
15 who traces her national origin to Mexico. At all relevant times alleged herein, Columba Ramos was
16 over the age of 18 and a resident of Santa Clara County. At all relevant times alleged herein, Plaintiff
17 Columba Ramos spoke minimal, if any, English, and did not read or write in the English language.
18 Accordingly, all communications involving Columba Ramos alleged herein occurred in the Spanish
19 language, unless specifically alleged otherwise.

20 17. Plaintiff Prospero Torralba is a married Hispanic man who traces his national origin to
21 Mexico. At all relevant times alleged herein, Prospero Torralba was over the age of 18 and a resident
22 of Santa Clara County. At all relevant times alleged herein, Plaintiff Prospero Torralba spoke limited
23 English, and did not competently read or write in the English language. Accordingly, all
24 communications with Prospero Torralba alleged herein occurred in the Spanish language, unless
25 specifically alleged otherwise.

26 18. Plaintiff Cirila Torralba is the wife of Plaintiff Prospero Torralba. She is a Hispanic
27 woman, and traces her national origin to Mexico. At all relevant times alleged herein, Cirila Torralba
28 was over the age of 18 and a resident of Santa Clara County. At all relevant times alleged herein,

1 Plaintiff Cirila Torralba did not speak, read, or write English. Accordingly, all communications with
2 Cirila Torralba alleged herein occurred in the Spanish language, unless specifically alleged otherwise.

3 19. Plaintiff Raul Torres is a Hispanic man who traces his national origin to Mexico. At
4 all relevant times alleged herein, Raul Gonzalez was over the age of 18 and a resident of Santa Clara
5 County. At all relevant times alleged herein, Raul Gonzalez had only limited understanding of the
6 English language. Accordingly, all communications by and to Raul Gonzalez alleged herein occurred
7 in the Spanish language, unless specifically alleged otherwise.

8 20. Plaintiff Raul Gonzalez is a Hispanic man who traces his national origin to Mexico.
9 At all relevant times alleged herein, Raul Gonzalez was over the age of 18 and a resident of Santa
10 Clara County. At all relevant times alleged herein, Raul Gonzalez had only limited understanding of
11 the English language. Accordingly, all communications by and to Raul Gonzalez alleged herein
12 occurred in the Spanish language, unless specifically alleged otherwise.

13 21. Plaintiffs are informed and believe, and on that basis, allege that Defendant Tran is a
14 California licensed real estate salesperson, operating under license number 01020843, the owner of
15 Absolute Investment Group, dba Palacio Mortgage (“Absolute”), and employee of Tara Home
16 Financial Services, Inc (“Tara”).

17 22. Absolute is a licensed California real estate broker, operating under license number
18 01481907, which originates loans and represents clients in connection with the purchase and sale of
19 real property. Its designated place of business pursuant to the California Secretary of State’s records
20 was 705 Capitol Expressway, San Jose, California, the same address as Defendant Absolute
21 Investment Group, Inc., doing business as Palacio Mortgage (“Palacio”).

22 23. Plaintiffs are informed and believe that, at all relevant times mentioned in this
23 Complaint, Tara was and is a currently suspended California corporation, which regularly conducted
24 business activity with Santa Clara County residents. Plaintiffs are informed and believe that Tara’s
25 business activities included the brokerage or residential real estate mortgage loans and representation
26 of parties in residential real estate transactions. Tara is named as a defendant in the Federal Court
27 Action.
28

1 24. Plaintiffs are informed and believe that, at all relevant times mentioned in this
2 Complaint, Absolute, and a California corporation doing business as Palacio was and is a California
3 corporation that regularly conducted business activity with Santa Clara County residents. Plaintiffs
4 are informed and believe that Absolute's business activity included the brokerage or residential real
5 estate mortgage loans and representation of parties in residential real estate transactions. Palacio and
6 Absolute are also named as defendants in the Federal Court Action.

7 25. Pursuant to the California Secretary of State's Office, Defendant Linda Tran is the
8 designated Agent for Service of Process for Absolute, and pursuant to the California Department of
9 Real Estate's records, Raya Ghajar is an affiliated licensed broker for Absolute.

10 26. Plaintiffs are informed and believe and thereon allege that at all times herein
11 mentioned, Defendant was acting in concert with the other defendants in the Federal Court Action,
12 namely, Absolute, Tara, Raya Ghajar, Pablo Curiel, Pablo Curiel dba Downpayment Assistance
13 ("Curiel"), Century 21 Golden Hills ("Golden Hills"), Norma Valdovinos ("Valdovinos"), Jesus
14 Chavez ("Chavez"), Paul Curiel, and Paul Curiel Insurance Company.

15 27. Defendant Tran was the principal, agent, servant and/or employee or employer, and/or
16 joint venturer of each of the other defendants in the Federal Court Action, and in doing the things
17 herein mentioned, the other defendants were acting within the course and scope of such agency
18 and/or employment and/or joint venturer, with the knowledge and permission of the others, or the
19 alleged acts, omissions and other conduct of the defendant were subsequently ratified or adopted by
20 the other defendants.

21 28. At all times herein mentioned, Defendant was acting within the course and scope of
22 her real estate salesperson license.

23 29. All Plaintiffs conducted negotiation for the transactions alleged herein in Spanish,
24 unless otherwise noted. No Plaintiff received any loan documents in Spanish.

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1 **II. FACTUAL ALLEGATIONS**

2 **Plaintiff Maria Argentina Garvin**

3 30. Maria Argentina Garvin ("Garvin") currently resides at 817 Pentz Way in San Jose
4 CA (hereinafter "Pentz Way Property") with her daughter Roxanna Navarez, and son-in-law, Luis
5 Navarez.

6 31. In or about the spring of 2005, Garvin purchased a home with the assistance of Norma
7 Valdovinos and Linda Tran.

8 32. A friend of Garvin's daughter referred them to Valdovinos. Shortly thereafter,
9 Roxanna and Luis Navarez, along with Garvin, met with Valdovinos at her office. Valdovinos
10 checked the Navarez's credit but they did not have good credit or sufficient credit history. Therefore,
11 Valdovinos suggested that they put the loans and the house would be in Garvin's name only because
12 her credit was better.

13 33. Garvin and her family earned approximately \$5,200 per month. Garvin told
14 Valdovinos exactly how much money she made every month, and Valdovinos told her that would be
15 no problem. Garvin also told Valdovinos that she and her family were looking for a two-bedroom
16 home and could afford to pay no more than \$2200 per month on a mortgage. Valdovinos again
17 responded that would be "no problem," and agreed to help them purchase a home; she also said there
18 were many houses on the market that Garvin and her family could afford.

19 34. Valdovinos made these statements, knowing they were false, to induce Garvin to
20 purchase a home.

21 35. Garvin reasonably relied on Valdovinos's statements in continuing with the
22 transaction.

23 36. Valdovinos then referred Garvin to defendant Tran for assistance with financing. At
24 the time, Tran was employed by Tara. Valdovinos explained that she and Tran often worked together
25 as a team and had been working together for years.

26 37. One week later, Garvin, Mr. and Mrs. Navarez, and Valdovinos, met with Tran at her
27 Tara office, with the assistance of an interpreter from Tran's office.
28

1 38. At this meeting, Tran did some calculations and quoted Garvin a very high monthly
2 mortgage payment. Garvin promptly responded that her family could not afford such a high
3 payment. Tran responded that was fine because she had other loan programs that she could offer
4 them, and promised she would find them “a low rate.”

5 39. A few days later, Tran called Garvin and told her that they had a “new plan,” with
6 monthly mortgage payments of \$2700 per month. Although this amount was higher than what
7 Garvin and her family had originally planned, they agreed that they could make this payment
8 between them. No other information was provided to Garvin about the loans

9 40. Tran’s statement about the monthly payment was knowingly false and misleading.
10 Garvin reasonably relied upon the statement in attempting to purchase the property.

11 41. In several conversations with Valdovinos, Garvin stated that before signing anything,
12 she wanted to go over the loan documents with Valdovinos first, because she wanted someone to
13 explain the paperwork as she felt that her understanding of English was not sufficient. Valdovinos
14 agreed to do so.

15 42. On, or about May 31, 2005, Valdovinos called Garvin and said that her assistant
16 Claudia Valdovinos, Norma Valdovinos’s daughter, was going to pick her up to take her to Morgan
17 Hill to sign the loan papers. Garvin asked Valdovinos why Claudia was going to take her to sign
18 documents when she had not seen any documents ahead of time, as she had previously requested on
19 several occasions. Valdovinos responded that she would see the documents when Claudia came to
20 pick her up, and reassured her that she (Valdovinos) would also be present. Based on Valdovinos’s
21 assurances, Garvin agreed to proceed.

22 43. At all relevant times in this Complaint, Claudia was acting as an agent for Tara,
23 Absolute, defendant Tran, Ghajar, and Valdovinos.

24 44. That same day, on or about May 31, 2005, Claudia came to Garvin’s apartment to take
25 her to the title company to sign the final loan documents.

26 45. In the car on the way to the title company, Claudia told Garvin not to tell “them” that
27 she did not have “this money.” Garvin was confused and did not understand to what Claudia was
28 referring. When she asked Claudia to explain it to her, Claudia said that she did not know the details.

1 46. When Garvin and Claudia arrived, they met with a male employee, who presented
2 Garvin with a stack of transactional documents written in English. Contrary to Valdovinos's
3 assurances, she did not come with Claudia and was not present when Garvin signed the loan
4 documents.

5 47. None of these documents had been presented to or explained to Garvin at any time
6 beforehand, and no one explained any of the documents to her at closing. Garvin was merely
7 instructed where to sign.

8 48. As they were sitting at the table, Claudia again told Garvin, "If they ask you about the
9 down payment you don't say nothing [sic]." When Garvin asked why, Claudia responded, "Just
10 don't say nothing [sic] about this money." Garvin still did not realize what Claudia was referring to,
11 and was only aware of the \$5000 they put down on the house as a deposit

12 49. At the time that she signed the loan documents, Garvin understood that she was
13 getting two loans: one from Washington Mutual Bank, and the other from National City Bank. She
14 believed that the monthly payments would be \$2,700 per month.

15 50. Approximately two days later, on or about June 2, 2005, Claudia called Garvin again
16 and told her to come into defendant Tran's office to sign the documents for "the other loan."

17 51. Garvin was very surprised by Claudia's phone call because had never discussed
18 getting a third loan with Defendant Tran. She asked Claudia why she had to sign more loan
19 documents when she had already signed them two days earlier. Claudia responded that was "the way
20 it worked," and told Garvin that if she did not sign these new loan documents, she could incur a
21 penalty. Thus, Garvin proceeded to Tran's office, but told Claudia that she was not going to sign any
22 documents until she had talked to Tran.

23 52. When Garvin arrived at Tran's office, she was every upset and asked Tran why she had to
24 sign more loan documents. Using her assistant, Claudia, to interpret, Tran told her that there was no
25 other way for her to purchase the home, because they had needed an additional \$96,000 to put
26 towards the home. Tran told Garvin that they could try another bank and then started calculating
27 numbers. However, the alternative plan involved would have increased her monthly payment to
28 \$4,000 per month- far more than what Garvin and her family could afford.

1 53. Garvin later found out that the HUD-1 for the first two loans fraudulently indicated
2 that she was making a \$96,000 down payment, which in fact were funds from a third loan that Tran
3 and Valdovinos had arranged with defendant Pablo Curiel without Garvin's knowledge or consent.

4 54. Garvin reviewed the straight note from Pablo Curiel that Tran had given to her to sign,
5 and noticed that the loan amount was for \$121,500. Garvin asked Tran why the loan was for
6 \$121,500 and not \$96,000, and Tran responded that the additional amount represented 2 years of pre-
7 paid interest.

8 55. Unlike the stack of transactional documents that she had signed days before, Tran
9 presented Garvin with a single document- a "Straight Note" of \$121,500 payable to Pablo Curiel.

10 56. Absolutely no disclosures were provided to Garvin in connection with the Pablo
11 Curiel loan, including any disclosures mandated under TILA, RESPA, or California law.

12 57. Since the time of the transaction, Garvin learned that defendant Tran falsified or
13 caused to be falsified her loan application, which contained many false or misleading
14 misrepresentations concerning, inter alia, Garvin's assets, income and employment history, including
15 the following:

- 16 a. That Garvin's monthly income was \$10,990;
- 17 b. That Garvin had \$31,000 in an account with Bank of America;
- 18 c. That Garvin had \$55,000 in an another account with Bank of America
- 19 d. That Garvin's total liquid assets were \$91,000;
- 20 e. That Garvin had a net worth of \$90,434; and
- 21 f. That Garvin provided this information through a phone interview with "Jimmy
22 Vu," an individual with whom Garvin has never spoken.

23 58. Defendants also caused the final HUD-1 to be falsified by fraudulently indicating
24 thereon that Garvin had put down a \$96,000 down payment in addition to the \$5,000 earnest money
25 deposit that her son-in-law paid to Tran.

26 59. Garvin's loans were as follows:

- 27 a. A first loan from Washington Mutual Bank for \$518,400. This loan has an
28 adjustable interest rate that is currently 7.9% and the monthly payment amount is \$1,612. This

1 amount reflects the minimum payment, which does not cover principal or the full interest, therefore
2 causing the interest to compound (also known as negative amortization). This loan also carries a three-
3 year pre-payment penalty.

4 b. Garvin's second loan is an Equity Line of Credit from National City Bank
5 \$32,400. This loan began with a fixed interest rate of 8.75% and the monthly payments are \$235.

6 c. Garvin's third loan was provided Pablo Curiel, at 10% interest, with interest only
7 payments of \$1,012.50 per month and a balloon payment for the full \$121,000 due at the end of two
8 years (June 2007).

9 60. Garvin and her family struggle to meet their monthly mortgage obligations and are in
10 danger of losing their home to foreclosure.

11 61. Garvin health has suffered because of the stress caused by struggling for two years to
12 pay their mortgage, and the family relations have become strained.

13 **Plaintiffs Antonia Arreola and Jesus Arreola**

14 62. In 2004, Plaintiffs Jesus and Antonia Arreola ("the Arreolas") purchased the home at
15 18355 Del Monte Avenue in Morgan Hill, CA (hereinafter "Del Monte property") for \$650,000 with
16 the assistance of Valdovinos as their real estate agent, and Defendant Tran as their agent. At the
17 time, Mr. and Mrs. Arreola owned a furniture store by the name of "Muebleria Plaza Del Sol."

18 63. In or about August 2006, the Arreolas contacted Defendant Tran to see if they could
19 refinance and lower their monthly payments. The Arreolas trusted Tran because they had worked
20 with her before.

21 64. Through her Spanish-speaking assistant "Angelica," Defendant Tran told the Arreolas
22 to meet with her at her office and stated that she had some options for them that would achieve their
23 goal of lowering their payments.

24 65. About three weeks later, Mrs. Arreola met with Tran at her office, and Tran (with the
25 interpretation assistance of "Angelica") presented her with the following plan: A first loan from
26 Countrywide for \$688,000, with a 2% interest rate and a monthly mortgage payment of \$2,083, a
27 second loan with National City Bank in the amount of \$85,910, a fixed 8.125% interest rate and
28 monthly mortgage payment of \$638, and a third "private" loan in the amount of \$46,000, at 10%

1 interest and monthly payments of \$470. Thus, the Arreola's monthly mortgage payment would
2 decrease from \$4,800 to \$3,191. Tran did not explain or disclose any other information about the
3 three loans to Ms. Arreola.

4 66. Despite the fact that on June 2, 2005 the Del Monte property appraised for \$880,000,
5 Tran told Mrs. Arreola that there was not enough equity in their home to refinance with only the first
6 two lenders, so they needed the third private loan in order to achieve their goal of lowering their
7 monthly mortgage obligation. Tran also stated that she could refinance the loans again in six months
8 at no cost. Mrs. Arreola questioned Tran as to how that would be possible since the property had no
9 equity in it, and Tran told her that it was okay because in six months the house would have sufficient
10 equity to refinance.

11 67. Tran and her agents made these knowingly false statements to Ms. Arreola to induce
12 her to refinance with them.

13 68. Reasonably relying on the statements of Tran and her agents, Ms. Arreola agreed to
14 proceed with the transaction.

15 69. Approximately three days later, Angelica called Mrs. Arreola to notify her that the
16 final loan documents were ready for her to sign. Angelica asked Mrs. Arreola whether she wanted to
17 sign the documents at the title company or at Tran's office. Mrs. Arreola responded that she wanted
18 to come in to the office because she had some questions for Tran.

19 70. On June 23, 2006, Mrs. Arreola went to Palacio to sign the final loan documents.
20 Although Tran was in the office, she was unavailable to be present during Mrs. Arreola's signing of
21 the loan docs.

22 71. Mrs. Arreola was then shown to a room to sign the loan documents. Mrs. Arreola
23 believes that a notary was present. While Mrs. Arreola waited in the room, "Angelica" would come
24 in and bring her a stack of all English transactional documents to sign and then leave the room. Ms.
25 Arreola asked Angelica how high the payments on the loan could get, but Angelica could not answer
26 any questions about the loan and responded that she did not know.

27 72. The entire signing event took no more than 45 minutes.
28

1 73. No disclosures were provided to Mrs. Arreola in connection with the third loan from
2 Pablo Curiel, including any disclosure required under TILA, RESPA, or applicable California law.

3 74. Even though this was a refinance transaction, Mrs. Arreola did not receive or sign any
4 Three-day Right to Cancel notice as mandated by TILA for the third loan from Pablo Curiel.

5 75. About one month after signing the loan documents, Mr. and Mrs. Arreola received a
6 statement from Pablo Curiel in the mail and learned that contrary to Tran's representation that the
7 loan they had received from Pablo Curiel would be for \$46,000, the loan amount was actually for
8 \$56,250.

9 76. Several months after signing the loan documents, Mr. and Mrs. Arreola learned that
10 their loans documents reflected that they received more than \$84,000 in cash out in the refinance. In
11 fact, Mr. and Mrs. Arreola received no cash from the refinance.

12 77. About one month after signing the loan documents, Mr. and Mrs. Arreola learned that
13 Tran failed to disclose that the 2% rate on the Countrywide loan she had originally quoted Mrs.
14 Arreola was an introductory rate that ended after one month.

15 78. Since the time of the transaction, Mr. and Mrs. Arreola learned that defendant Tran
16 falsified or caused to be falsified Mrs. Arreola's loan application, which contained many false and
17 misleading misrepresentations concerning, inter alia, Mrs. Arreola's assets, income and employment
18 history, including the following:

- 19 a. That Mrs. Arreola's monthly income was \$17,500;
20 b. That Mrs. Arreola owned liquid assets valued at \$860,000;
21 c. That Mrs. Arreola had a net worth of \$172,000;
22 d. That Mrs. Arreola had no credit card debt, and monthly debt obligation was
23 limited to \$2,709 for the mortgage payment.

24 79. The Arreolas first loan and adjustable rate mortgage with Countrywide in the amount
25 of \$688,000, with an annual percentage rate of 7.9%, and monthly payment of \$2,083. This loan
26 payment represented the minimum payment, which does not include payments on the principal or full
27 interest, causing the interest to compound. The cap on the principal was 115% of the original
28 principal amount.

1 80. The Arreolas second loan was with National City Bank for \$85,910 at a fixed rate of
2 8.125% and a balloon payment for \$66,884 due in 15 years on June 22, 2021.

3 81. The Arreolas had a third loan with Pablo Curiel for \$56,250, at 10% interest, interest
4 only payments for \$ 468 per month and a balloon payment for \$56,250 due June 2008.

5 82. The Arreolas have since lost their home to foreclosure.

6 **Plaintiff Rafael Maldonado Bravo**

7 83. Plaintiff Bravo works as a driver and has an income of approximately \$3,000 a month.
8 His credit score at the time of purchase was approximately 770 - 790. At the time, Bravo owned a
9 condominium.

10 84. Bravo saw an advertisement for the real estate agent services of Normal Valdovinos
11 posted in the magazine El Aquila. The advertisement stated that Valdovinos could assist with the
12 purchase of property with no money down and no work verification.

13 85. Bravo called Valdovinos, who requested that he meet with her in person.

14 86. When Bravo met with Valdovinos at her office in approximately March 2006, he
15 informed her that he was interested in purchasing a duplex located at 789-791 Blossom Hill Road,
16 San Jose, CA 95123, which he had seen advertised.

17 87. Valdovinos explained that he could not see the property unless he paid a deposit of
18 \$5,000 and made an offer to purchase the property.

19 88. Valdovinos knew this statement was false and purposefully made it to induce Bravo to
20 make a deposit and a binding offer that he could not afford without any information.

21 89. Bravo reasonably relied upon Valdovinos's statement and her expertise in the field in
22 making a deposit and offer on a property he had not been shown.

23 90. The duplex was listed at \$789,000 but Valdovinos told Bravo to offer \$799,000 to
24 avoid closing costs. Valdovinos informed Bravo that the monthly payments for the property would
25 be between \$3,000 and \$4,000 and that he could afford that level of payment because he would be
26 able to get rental income.

27 91. Valdovinos' statement was knowingly false, and Bravo reasonably relied upon it in
28 making a deposit and offer on the home.

1 92. With monthly rent payments from future tenants and funds from a \$75,000 home
2 equity line of credit on his condominium to pay any difference, Bravo believed he could afford to
3 purchase the duplex based on Valdovinos' representations.

4 93. Bravo made an offer on the property for \$799,000 that was accepted. Since
5 Valdovinos informed Bravo that he could not look at the property prior to making a \$5,000 deposit
6 and making an offer to purchase the property, Bravo relied on the representations of Valdovinos and
7 her colleague Jesus Chavez regarding the condition of the property. He was informed and believed
8 that the property was in very good condition and was being offered at a competitive price.

9 94. When Bravo visited the property for the first time, he discovered it was in very bad
10 condition. Upon this discovery, Bravo informed Valdovinos of his concern that the property was
11 represented to be in better condition than it was.

12 95. Valdovinos informed Bravo that if he did not go through with the deal, he would lose
13 his \$5,000 deposit.

14 96. This statement was knowingly false, as Bravo could have withdrawn without losing
15 his deposit based on inspection contingencies.

16 97. Bravo reasonably relied upon the statements of Valdovinos when he decided to go
17 through with the purchase of the property.

18 98. Shortly thereafter, Valdovinos called Bravo and informed him that he would need to
19 meet with Chavez to sign some papers regarding the purchase of the property. With Chavez, Bravo
20 signed several disclosure documents relating to the property inspection and registered sex offenders
21 in the area. Bravo also paid for property insurance for one year through Farmer's Insurance and
22 agent Paul Curiel.

23 99. When Bravo asked any questions, Chavez said, "Everything is OK. You already said
24 yes." Bravo reasonably believed that he had to continue with the transaction.

25 100. Approximately three days later, Bravo was told to meet with Linda Tran in the office s
26 of Absolute Investments, whom Valdovinos had said would handle his loan. Bravo met with Tran to
27 sign the loan papers.

28 101. Tran never explained the loan documents to Bravo.

1 102. Defendant Tran knowingly fabricated Bravo's income and assets in his loan
2 applications. The falsified applications were signed and ratified by Ghajar.

3 103. Defendant Tran purposefully withheld information from Bravo regarding the loan to
4 induce him to continue with a loan he could not afford.

5 104. During the meeting with Tran was present to quickly review the loan documents with
6 Bravo. At times, a woman from Tran's office, Angelica, was present to assist with Bravo with
7 signing the papers. Tran and the notary informed Bravo not to put dates on documents. Tran left the
8 room while Bravo signed the loan documents in front of the notary.

9 105. At the time that Bravo signed the loan papers, he believed that he was obtaining two
10 loans for the purchase of the property.

11 106. Approximately five days later, Bravo was contacted by Angelica, from Absolute
12 Investments. She told Bravo that he had to come to the office to sign some more papers. Bravo
13 believed that the additional papers he needed to sign were for the property insurance.

14 107. On the very same day, Bravo met with Tran at her office. Tran informed Bravo that
15 the purchase of his property required a third loan for which Bravo would need to sign the papers.
16 Bravo was informed that the third loan was a private loan for the down payment.

17 108. When Bravo asked why he was not told about the private loan previously, Tran
18 responded that if Bravo did not sign the loan papers, he would lose the property and his \$5,000.00
19 deposit.

20 109. Tran further informed Bravo that he must pay \$812.00 a month to Pablo Curiel and
21 that he would never receive a monthly statement. Tran informed Bravo that she would refinance his
22 property when it had gained equity to pay off the Pablo Curiel loan, before the balloon payment
23 matured.

24 110. He did not receive any documents relating to the third Curiel loan except the Straight
25 Note.

26 111. Bravo's first loan was for \$585,000 from Washington Mutual. The loan had a "teaser"
27 rate of 1.35%, which was only in effect until June 1, 2006 (for approximately two months). The
28 interest rate is variable, calculated by adding 3.025 points to an index, up to a maximum of 10.05%.

1 It is a negative amortization loan, which means that if Bravo makes the minimum payments, the
2 principal will continue to grow. When the principal reaches the 110% of the loan or five years has
3 passed, Bravo will no longer be able to make the minimum payments. He will be required to pay the
4 full portion of principal and interest. Although Bravo's monthly payments will change once a year,
5 his interest rate changes monthly.

6 112. Bravo's second loan was for \$117,000 through Washington Mutual. The interest rate
7 is variable, calculated by adding 0.6% to an index and starting at 8.1%.

8 113. Bravo's third loan was for \$97,500 from Pablo Curiel. Approximately \$20,000 of that
9 loan was paid to Defendants as "upfront interest." The loan is interest only for two years, which is
10 due in monthly installments of \$812.50, after which time a balloon payment of the entire loan amount
11 will be due.

12 114. Upon receiving his loan statements for the first two loans, Bravo discovered that he
13 paid \$25,000.00 - \$27,000.00 above the purchase price. Bravo immediately called Valdovinos, who
14 told him that the extra money was paid to Pablo Curiel as upfront interest.

15 115. Approximately two months after purchasing the duplex located at 789-891 Blossom
16 Hill Road, San Jose, California, 95123, Bravo received a telephone call from Valdovinos informing
17 him that a duplex was for sale and was being offered at a good price. Valdovinos told Bravo that he
18 could purchase the property for a very cheap price. The property was located at 943/945 Desert Isla,
19 San Jose, California.

20 116. Valdovinos told Bravo that he would have enough money to purchase the property
21 because he would be able to use the rent to make the monthly payments and would only have to pay
22 about \$200.00 - \$400.00 more each month to cover the difference.

23 117. Valdovinos had knowledge that Bravo had previously taken an equity line of credit
24 and deposited the funds into his account. On that basis, she encouraged Bravo to purchase the
25 property.

26 118. When Bravo expressed his concerns about being able to purchase the property since he
27 had just purchased another piece of property a couple of months before, Valdovinos explained to him
28 that he would be approved to purchase the home because he was buying the property with his credit

1 (and not the funds he had in his account). Valdovinos represented that other people with similar
2 credit were buying about 2-3 properties and that Bravo should do the same.

3 119. Valdovinos told Bravo that if he wanted to see inside the property, he would have to
4 pay her a \$7,000.00 deposit. When Bravo informed Valdovinos that he did not have \$7,000.00,
5 Valdovinos asked Bravo how much he could pay. Bravo explained to Valdovinos that he could
6 probably pay about \$2,000.00. Subsequently, Valdovinos told Bravo that she would accept his
7 \$2,000.00 deposit and would cover him for \$5,000.00 since he purchased the Blossom Hill property
8 through her.

9 120. Valdovinos told Bravo that the monthly payments would be approximately \$3,180.

10 121. Valdovinos knowingly made false statements to Bravo to induce him to purchase
11 another property that he would not be able to afford. Bravo reasonably relied upon these statements
12 in continuing with this transaction.

13 122. Valdovinos instructed Bravo to meet with Tran, who informed him that his monthly
14 payments would be \$3,300.00.

15 123. Tran also told Bravo that Valdovinos had made an offer on the property for
16 \$810,000.00. Since Bravo was informed previously that the list price for the property was
17 \$799,000.00 he asked Tran why she offered more and that he wanted to speak with Valdovinos.

18 124. When Bravo called Valdovinos to find out why she made an offer greater than the list
19 price, she explained that it would cost \$25,000 extra over the list price for the paper work but that if
20 Bravo paid \$810,000.00 the seller would cover the difference.

21 125. Approximately 3-4 days later, Tran called Bravo to inform him that he would need to
22 sign the loan papers. Tran informed Bravo that the monthly payment had changed a little and would
23 not be \$3,300.00 a month as they previously told him. Tran explained that the monthly payment for
24 the first loan would be \$3,500 and the payment for the second loan would be \$1,568. Tran also
25 explained that the loans would be interest only and not option-arm as she had previously told Bravo.

26 126. Subsequently, Bravo met with Valdovinos to ask her why he was told that his monthly
27 payments were going to be \$3,300.00 when they are in fact \$5068.00. Valdovinos told Bravo to trust
28 that Tran would lower his monthly payments after two months. She also told Bravo that if he did not

1 complete the purchase, he would lose his \$2,000.00 deposit plus would have to pay her for the
2 \$5,000.00 that she covered.

3 127. To memorialize this deal, Tran drafted a written letter that she signed explaining that
4 Bravo was only obligated to make payments in the total amount of \$5,068 for two months. The letter
5 indicated that following two months of payments, Bravo would return to Tran's office to refinance
6 his loan, which would lower his monthly payments.

7 128. These statements by Tran and Valdovinos were knowingly false and were intended to
8 induce Bravo to purchase a property he could not afford and to refinance that property, all of which
9 resulted in high fees for these Defendants.

10 129. In reasonable reliance on the representations made by Tran and Valdovinos, Bravo
11 went through with the purchase of the property.

12 130. Tran and Valdovinos failed to abide by their agreement to lower the monthly
13 payments for Bravo in two months. .

14 131. Bravo struggles to make his monthly payments on the properties, and is at risk of
15 losing his properties to foreclosure.

16 **Plaintiffs Tomas and Martha Hernandez**

17 132. In approximately October 2005, Tomas and Maria Hernandez contacted Valdovinos,
18 who told the Hernandez Plaintiffs that she could help them to purchase a home.

19 133. Mr. and Mrs. Hernandez went to the offices of Golden Hills, and Valdovinos checked
20 their credit score and stated that they both had good credit. She asked for their total income, which at
21 that time was approximately \$6,000 to \$7,000 per month.

22 134. The Hernandezes told Valdovinos that they could only afford a monthly payment of
23 \$2,300 to \$2,400 per month. Valdovinos responded that she would show them homes with that
24 monthly payment.

25 135. After showing the Hernandez Plaintiffs several homes in areas they did not like,
26 Valdovinos called them in approximately November 2005. She stated that she had found a house for
27 \$762,000 that they would like.
28

1 136. Ms. Hernandez told her the price was too high. Valdovinos stated on the telephone,
2 “Don’t worry. The loan agent can give you a low payment.”

3 137. Valdovinos knew that the Hernandezes could not afford the house she was showing
4 them on the loan terms that she and the other Defendants intended and that the loan payments would
5 not be \$2,500 or less.

6 138. The Hernandezes reasonably relied upon the statements of Valdovinos, who they
7 trusted, to continue with the purchase of this home.

8 139. Valdovinos called back an hour later to tell the Hernandezes that she had gotten the
9 seller to agree to lower the price to \$750,000.

10 140. Several hours later, Tran called the Hernandezes and set up an appointment for that
11 same day. They went to the offices of Absolute on Capitol Expressway, in San Jose.

12 141. Tran told the Hernandezes that she could get them low-interest loans to make the
13 home affordable. Tran’s statement was knowingly false and misleading. The Hernandez Plaintiffs
14 reasonably relied upon Tran’s statement in continuing with the transaction.

15 142. Tran’s employee “Angelica” acted as an interpreter, and the negotiation of the loans
16 occurred in Spanish. Tran instructed the Hernandezes to sign a large stack of documents, all of which
17 were in English. Neither Tran nor Angelica explained what the documents said.

18 143. When Ms. Hernandez attempted to confirm that the payments would be approximately
19 \$2,500, Tran, through Angelica, told them for the first time that the monthly payments would actually
20 total \$4,664.

21 144. When the Hernandez Plaintiffs told Tran that they could not afford it, she promised
22 them that she could refinance them into a different loan in April or May 2006. At that point, she
23 promised that there would be one fixed loan payment for between \$2,400 and \$2,600, and wrote the
24 figures down of paper for the Hernandezes. At that time, Tran knew that this information was false
25 and that a refinance would cost the Hernandezes additional fees to Tran and loss of equity.

26 145. The Hernandezes reasonably relied upon Tran and Valdovinos’s statements in
27 continuing with the purchase transaction.
28

1 146. Tran then told the Hernandezes to go to the title company to sign more documents.
2 There, they signed another stack of documents, all of which were in English. A title company
3 employee requested a check for \$13,000.

4 147. Ms. Hernandez told the employee that she only had \$3,000. The employee told her
5 that she would talk to Valdovinos. The employee told Ms. Hernandez that she could not back out
6 now.

7 148. The Hernandez Plaintiffs were barely able to make the payments of \$4,664 for the first
8 few months, but they did so with the understanding that their payments would be reduced in April or
9 May 2006.

10 149. In April 2006, Mr. Hernandez went to see Tran at the Absolute Investments office.
11 Tran told Mr. Hernandez, using Angelica as an interpreter into Spanish, that she had already started
12 the paperwork and it would be ready in one to two weeks.

13 150. In the second half of April, Angelica called the Hernandez Plaintiffs and told them that
14 Tran asked for their bank statements. At this point, the Hernandez Plaintiffs had less than \$500 in
15 their bank account.

16 151. Neither Angelica nor Tran ever asked the Hernandez Plaintiffs for their current
17 income, which had decreased. Nonetheless, Ms. Hernandez volunteered that information to
18 Angelica.

19 152. Approximately two days later, Angelica called Ms. Hernandez and told her to come
20 and sign the documents. Ms. Hernandez said to Angelica that Tran promised her \$2500 payment.
21 Angelica said, "Everything that she promises comes true. She's helping a lot of people."

22 153. The Hernandez Plaintiffs reasonably relied to their detriment on this statement, which
23 was knowingly false.

24 154. Approximately three days later, on May 2, 2006, the Hernandezes went to see Tran at
25 the Absolute Investments office. They met with an employee named Heidi who asked them to sign a
26 stack of documents, all of which were in English.

27 155. Defendants knowingly fabricated the Hernandezes income and assets in their loan
28 applications. This falsified application was ratified by Ghajar.

1 156. At some point during the signing, the Hernandez Plaintiffs saw a document that
2 looked like their total payment would be \$3600 per month.

3 157. Ms. Hernandez told Heidi, “This isn’t right. This isn’t what we agreed to.” Heidi
4 could not explain it, so Ms. Hernandez asked to speak to Angelica or Tran. Heidi told her that neither
5 person was present, even though Ms. Hernandez could hear Tran’s voice in another office.

6 158. The Hernandez Plaintiffs thought that because they had already signed a number of the
7 documents, they were stuck, so they continued signing as urged by Heidi.

8 159. After the Hernandez Plaintiffs had signed all the documents for the loans, a notary
9 showed up and Tran came into the room.

10 160. When asked, Tran explained that the notary was from the private lender, Pablo Curiel.

11 161. Defendant purposefully never told the Hernandezes that they would have three loans,
12 nor that one of the loans was from a private individual.

13 162. The Hernandez’s first refinance loan was for \$596,000 through Countrywide Home
14 Loans. It has a starting interest rate of 1.25%, but that rate was only effective one month. After the
15 first month, the interest rate is variable, calculated by adding 2.975 points to a LIBOR index. The
16 interest rate can increase to 9.95%. The loan is a negative amortization, which means that the
17 minimum monthly payments do not even cover interest. If the borrower pays the minimum
18 payments, the amount owed on the loan continues to increase. When the principal reaches 115% of
19 the borrowed amount or five years has passed the minimum payments increases dramatically to full
20 principal plus interest. The loan has a pre-payment penalty, which means that the borrower must pay
21 six months of interest if the loan is refinanced or paid off during the first three years.

22 163. from that first loan, Absolute was paid \$17,880 as a yield spread premium from
23 Countrywide. The estimate of charges shown to the Hernandez Plaintiffs had the yield spread
24 premium erased.

25 164. Defendants knowingly failed to disclose the material terms of this loan to the
26 Hernandezes. They did not understand that the principal they owed on the house would continue to
27 increase as they made payments.
28

1 165. The Hernandez's second refinance loan was for \$74,450 from National City Bank.
2 The loan was a 15 year loan with a fixed rate of 7.75%. After 15 years, a balloon payment of
3 approximately \$57,000 would be due.

4 166. None of the Defendants ever explained the terms of this loan to the Hernandez
5 Plaintiffs. The Hernandez Plaintiffs did not understand that they would have to pay a balloon
6 payment after 15 years.

7 167. The Hernandez's third refinance loan was for \$108,125 from Defendant Pablo Curiel.
8 It was an interest-only loan at 10% for two years. After two years, a balloon payment of the entire
9 loan (\$108,125) was due.

10 168. In addition, only approximately \$85,000 of the Curiel loan was credited to the
11 refinance. The other approximately \$23,000 was taken as an upfront fee by Defendants.

12 169. After signing, the Hernandez Plaintiffs received some unsigned documents associated
13 with their first and second refinance loans. The only document they received relating to the third
14 Curiel loan were payments stubs in the mail.

15 170. The Hernandez Plaintiffs never received any signed documents. The Hernandez
16 Plaintiffs never received a final HUD-1 closing statement. The Hernandez Plaintiffs never received a
17 right to cancel notice for the first or third loans with a date properly filled in. The Hernandez
18 Plaintiffs never received any disclosures in Spanish, even though the loan was negotiated in Spanish.

19 171. Since the purchase and refinance of the home, the Hernandezes have struggled to meet
20 their monthly obligations. They have fallen behind in their payments, and are at risk of losing their
21 home.

22
23 Plaintiffs Juan and Maria Ramirez

24 172. From 2004 to early 2006, Juan Ramirez ("Ramirez"), his wife Maria, and their two
25 small children had been renting an apartment at 1919 Fruitdale Avenue in San Jose, California. They
26 paid \$1,250 in rent per month. Ramirez attempted to buy a home, but it fell through at the last
27 minute. Because Ramirez had given notice on the Fruitdale apartment, he and his family needed a
28

1 place to live. They moved in with Ramirez's cousin, Prospero Torralba, in January or February of
2 2006. Prospero Torralba is also a plaintiff in the Federal Court Action.

3 173. In early April 2006, Ramirez was referred to Jesus Chavez at Golden Hills to purchase
4 a home. Ramirez contacted Chavez and made an appointment to speak with him that day. Chavez
5 met with Ramirez, discussed Ramirez's desire to purchase a home, and ran a credit check. Ramirez
6 had a good credit score, but his wife Maria had no credit history. Therefore, Chavez recommended
7 that they proceed to purchase the home in Juan's name only.

8 174. During the meeting, Chavez called Tran and asked how much of a loan Ramirez could
9 obtain. Tran informed Chavez that Ramirez could obtain a loan for \$650,000. Chavez did not ask
10 Ramirez about his income.

11 175. Chavez then told Ramirez to make an appointment with Tran to discuss the loan.
12 Ramirez made an appointment and went to see Tran about one week later. During the meeting, Tran
13 used an interpreter named "Angelica."

14 176. Ramirez explained to Chavez that Ramirez wanted a fixed rate loan, not a variable rate
15 loan. Chavez said that would "not be a problem."

16 177. Tran proposed a loan under which the payments would be \$3,600 per month, including
17 taxes. However, Ramirez told Tran that the highest monthly payment he could afford to pay was
18 \$3,200.

19 178. Tran then proposed a plan that would involve three loans. The first loan would cost
20 \$1,250 per month with an interest rate of 6.5%; the second would cost \$700 per month with an
21 interest rate of 9.75%, and the third would cost \$675 per month, for a total of \$2,625 per month. Tran
22 said this loan package would be "perfect" for Ramirez and promised that she could refinance the third
23 loan in six months. Tran also said that Ramirez's home would appreciate \$40,000 per year, so
24 Ramirez would actually make money.

25 179. Ramirez explained to Tran that he wanted a fixed rate loan, not a variable rate loan.
26 Tran said that would be "no problem."

27 180. Tran informed Ramirez that the third loan was a private loan, but did not disclose any
28 of the terms of the third loan.

1 181. In late April, Ramirez and his put an offer in on the home at 2788 Cramer Circle, San
2 Jose, California, 95111. One day later, Chavez asked Ramirez for \$5,000 as a show of good faith
3 interest in the house. Ramirez did not have \$5,000, but gave Chavez a deposit of \$3,500. Several
4 days later, the offer was accepted.

5 182. Unknown to Ramirez, the loan application falsely stated the following:
6 a. That Ramirez works as a produce supervisor earning \$4610 per month.
7 b. That Ramirez is a self-employed handyman earning \$7990 per month.
8 c. That Ramirez owns a 2002 Chevrolet Tahoe.
9 d. That Ramirez would make a down payment from savings, including a Bank of
10 America account with \$28,214 in it and a Wells Fargo account containing \$78,588. Ramirez does
11 have accounts with Bank of America and Wells Fargo, but the balances were never in those amounts.
12 e. That Ramirez is the owner of a business.

13 183. One week after making the offer, Ramirez went to Chavez's office to pick up the
14 inspection report for the house. At that time, he learned that the seller of the house was the brother-
15 in-law of Chavez's wife, Norma Valdovinos.

16 184. Chavez's receptionist, Erica, called Ramirez in to sign the final papers on May 11,
17 2006. Ramirez signed the papers for the first two loans at Chavez's office, and then went to Tran's
18 office to sign the loan documents for the third loan. Present at the first signing in Chavez's office
19 were Juan Ramirez, the notary (Martha Hueso), Chavez, and Tran.

20 185. Ramirez was instructed to sign the English only loan documents, which he had never
21 seen or reviewed beforehand. The entire meeting took approximately 45 minutes, and Ramirez was
22 given only un-signed copies of the loan documents.

23 186. After signing the papers at Chavez's office for the first two loans, Ramirez
24 immediately went to Tran's office to sign the papers for the third loan. Tran was busy at first, so
25 another person from Tran's office assisted Ramirez. Tran joined the meeting at the very end.

26 187. When Ramirez reviewed the papers, he was troubled by the numbers because they did
27 not seem to add up.
28

1 188. Additionally, the private loan was supposed to be for approximately \$66,000 at a rate
2 of 10%. However, the loan documents reflected that the private loan was actually for a principal
3 amount of \$80,625. When Ramirez asked about this discrepancy, Tran explained that the difference
4 was “insurance.”

5 189. The Ramirezes lost their home to foreclosure on January 22, 2009.

6 **Plaintiffs Eugenio and Columba Ramos**

7 190. In early June 2006, the Ramoses were referred to Valdovinos through a classmate of
8 Mrs. Ramos’s who is Valdovinos sister-in-law. Mrs. Ramos called Valdovinos immediately after
9 receiving the referral to discuss their desire to purchase a home. The Ramoses had been house
10 hunting, but had not yet selected a house that they wanted to buy. Valdovinos told Mrs. Ramos to
11 call her back when they had selected a home that they wanted to buy.

12 191. Two weeks later, Mrs. Ramos called back to say that they had selected a home they
13 wanted to purchase. Valdovinos informed them that they would need to speak with Tran who would
14 determine if they were qualified to purchase the home they wanted.

15 192. The first week in July 2006, the Ramoses met with Tran, who at this point was acting
16 an employee of Palacio Mortgage, as the agent for their first loan. Tran showed the Ramoses
17 different payment options for loans in the range of \$750,000 - \$900,000. Defendant Tran represented
18 that payments on loans for homes in this price range were approximately \$3,000.00 - \$4,000.00 a
19 month. During the meeting between Tran and the Ramoses, Claudia Valdovinos assisted with
20 interpreting.

21 193. At this meeting, Tran checked Mrs. Ramos’s credit only and told her that her credit
22 was good, and that they should put in an offer on the home. Two days later, Tran called the Ramoses
23 back to her office and told them that Mrs. Ramos did not have sufficient credit to purchase the home,
24 and that Tran needed to check Mr. Ramos’s credit. Tran told them that with their combined credit,
25 they should be able to purchase the home.

26 194. The Ramoses had a combined income of approximately \$8,000.00 - \$9,000.00 a
27 month. At the time, they had a savings account with approximately \$2,000.00 - \$5,000.00.
28

1 195. After meeting with Valdovinos and Tran, the Ramoses found another home to buy.
2 Mrs. Ramos found one home in an area that she liked that was listed for approximately \$850,000.00 -
3 \$875,000.00. After deciding to put an offer in at the list price, the Ramoses were later contacted by
4 Valdovinos who informed them that the list price was actually \$950,000.00. Based on the
5 representations made by Valdovinos and Tran, the Ramoses believed that the monthly payments to
6 purchase this home would be between \$3,000 - \$4,000 a month.

7 196. In approximately July 2006, the Ramoses put in an offer to purchase the home for the
8 list price of \$950,000.00, which was accepted. The home is located at 1435 Redmond Avenue, San
9 Jose, California 95120.

10 197. The Ramoses purchased the home with a \$5,000 deposit.

11 198. Claudia called the Ramoses to meet with Tran at her office on or about August 23,
12 2006 to sign documents for the purchase of their home. "Heidi" who speaks Spanish and who
13 worked in Tran's office, was present to assist the Ramoses with signing their papers. She informed
14 the Ramoses that a better loan had been secured for the Ramoses that was fixed (not variable) at a
15 rate of 8%.

16 199. During the signing of the papers, the Ramoses noticed from the loan paper work that
17 the total amount for the loan was for \$970,000 and not \$950,000. When they asked Heidi about this,
18 she told the Ramoses that they should not worry about the \$20,000.00 difference.

19 200. At the time of signing, the Ramoses believed that they were borrowing two principal
20 and interest loans. The monthly payments for each loan were approximately \$2500.00 for the first
21 loan, \$770.00 for the second loan and \$989.00 for the third loan.

22 201. Alliance Bancorp is the plaintiff's first lien holder. The loan with Alliance Bancorp is
23 for \$750,000 with an adjustable interest rate of 8.23%. It is a negative amortizing loan with a 110%
24 cap on the principal amount and a three year pre-payment penalty. The loan carries a balloon
25 payment of \$484,028 due on maturity, September 1, 2036. Minimum monthly payments on this loan
26 are \$1896. The principal has now increased to \$789, 000.

1 202. National City Bank holds Plaintiff's second mortgage. The loan is for \$104,950, at an
2 8.197% fixed rate with an \$81,350 balloon payment after fifteen years. Tran lender did not provide
3 TILA disclosures to Plaintiffs for their second loan.

4 203. The third loan is held by Pablo Curiel. The Ramoses were informed that the third loan
5 through Pablo Curiel was a private loan.

6 204. The Ramoses do not have any signed copies of any loan documents and were only
7 given unsigned copies at closing.

8 205. One month after signing the loan paperwork, the Ramoses received their first
9 statement. They saw that the loan was in the name of Eugenio Ramos only. Tran had told the
10 Ramoses that the loan would be taken out in the name of both Eugenio and Columba Ramos. The
11 Ramoses called Tran to complain about the loan being in Eugenio's name only, and were told by
12 Tran that it was a mistake that could be corrected.

13 206. Two months after signing the loan paperwork when the Ramoses received their second
14 statement, they discovered that their loan payments would be increasing each month, which was
15 contrary to what had been represented by Claudia, who had informed the Ramoses that their monthly
16 payments would not increase for three years. Ms. Ramos telephoned Tran's office, and Heidi told her
17 that Claudia should have explained the full terms of the loan.

18 207. In or about October 2006, the Ramoses were very upset that the terms of the loan were
19 not what Tran, Claudia, and Valdovinos had represented, and met with Tran and Claudia to complain.
20 At the meeting, Tran suggested that the Ramoses refinance their third loan with Pablo Curiel. At this
21 point, the Ramoses did not trust Tran, and declined to refinance.

22 208. The loan application falsely states that the Ramoses have a combined income of
23 \$28,650.00.

24 **Plaintiffs Prospero and Cirila Torralba**

25 209. Plaintiff Torralba and his wife, Cirila Torralba, purchased a home at 4754 Lyric Lane,
26 San Jose, California, 95111 for \$595,000.

27 210. In late January 2006, Torralba contacted Valdovinos after seeing her advertise homes
28 for \$0 down and 100% financing. Chavez, not Norma Valdovinos, called in response to Torralba's

1 message. Torralba told Chavez that he could not put any money down on a house, and that he could
2 pay, at most, \$2,500 per month.

3 211. In or about early February 2006, Torralba met with Chavez at Chavez's office.
4 Chavez asked Torralba about his income and performed some calculations. Chavez then informed
5 Torralba that he qualified for a \$700,000 loan. Torralba once again emphasized to Chavez that he
6 could not afford to pay more than \$2,500 per month.

7 212. In mid-February 2006, Torralba authorized Chavez to offer \$575,000 for the house.
8 At Chavez's request, Torralba provided \$3,000 as a show of good faith on the offer. After
9 approximately one week, Torralba called Chavez to ask what happened. Chavez told Torralba that
10 his offer would be accepted. Torralba did not authorize Chavez to offer any more than \$575,000 on
11 the house.

12 213. Later, Torralba and Chavez went to Chavez's office to complete the loan application.
13 Chavez asked Torralba to sign a blank piece of paper. Torralba was reluctant to do so, but Chavez
14 insisted that it would make the process move along faster. Torralba ultimately did not sign the blank
15 piece of paper.

16 214. Chavez told Torralba to make an appointment to see Tran, who would help Torralba
17 get the home loans. Torralba made an appointment and went to Tran's office. Tran performed
18 calculations, but her explanations confused Torralba. He emphasized to Tran that he simply wanted
19 to pay no more than \$2,500 per month.

20 215. On March 27, 2006, at the time Torralba signed the loan application, his income was
21 approximately \$3,000 per month. Torralba works in construction. His wife, Cirila, worked as a
22 supervisor in a hotel at that time; her income was approximately \$1,600 per month.

23 216. Torralba signed the loan papers on March 17, 2006, in Chavez's office. Torralba did
24 not understand some of the documents, so he asked the interpreter, "Angelica," to explain some of the
25 terms. Angelica responded that she "did not know" and advised Torralba to ask Tran or Chavez. No
26 notary was present at the signing.

27 217. Torralba then signed more loan papers at Tran's office the same day. There was a
28 notary present at Tran's office. Tran told Torralba that Torralba's monthly payments would be

1 between \$2,300 and \$2,500. Tran did not tell Torralba the amounts of the loans, nor the interest
2 rates. Tran did tell Torralba that he could refinance in about six months and eliminate one of the
3 loans.

4 218. The closing date on the house was March 24, 2006.

5 219. Torralba was never informed, and did not know until approximately May 2006, that he
6 had three loans. In May 2006, Torralba received a loan note from Pablo Curiel with payment
7 vouchers. When Torralba contacted Curiel to ask about the loan, Curiel asked if Chavez had
8 explained the third loan. Torralba answered that no one had ever told Torralba that he was taking
9 three loans.

10 220. Torralba's first loan is with Washington Mutual for \$446,250. It is a forty-year,
11 negative amortization loan with a 7.138% interest rate. The interest rate can change monthly with a
12 cap of 10.175%. The loan carries a pre-payment penalty of 3% of the loan in the first year, 2% the
13 second year, and 1% the first year.

14 221. Torralba's second loan is an "Equity Plus Revolving Line of Credit" with Washington
15 Mutual for \$89,250. The interest rate is 8.15% and is adjustable with a cap of 18%.

16 222. Torralba's third loan is with Pablo Curiel for \$74,375. The loan has a 10% interest
17 rate with a two-year balloon. It is an interest-only loan. The monthly payment is \$619.79.

18 223. Prospero and Cirila Torralba have been struggling to make their monthly payments
19 and are at risk of losing their homes to foreclosures.

20 **Plaintiff Raul Torres**

21 224. At the time that Raul Torres purchased his home using the services of Norma
22 Valdovinos and defendant Linda Tran, he was a gardener and landscaper and had an income of
23 approximately \$3,300 a month. Torres is married and his wife took care of an elderly woman,
24 earning approximately \$600-\$700 per month. Torres and his wife were previously renting an
25 apartment in San Jose and paying \$750 a month.

26 225. Torres saw an advertisement for the real estate agent services of Valdovinos posted in
27 the magazine El Avisador, which stated that Valdovinos could assist with the purchase of property
28 with no money down and no work verification.

1 226. Torres reasonably relied upon this advertisement, which was intentionally misleading
2 in that it did not state that Defendants misrepresented borrowers' income and assets to be able to
3 purchase these homes.

4 227. Torres went to visit Valdovinos and Linda Tran about purchasing a house. Torres told
5 Valdovinos and Tran that he could afford to pay approximately \$2,500 to \$2,600 per month in
6 mortgage payments. Tran told Torres that she could find him a loan with a fixed interest rate and
7 monthly mortgage payments of \$2,600 per month.

8 228. Valdovinos found Torres a home in late May/early June. Torres filled out loan
9 documentation for a loan arranged through Tran. Torres gave notice that he would be vacating his
10 apartment, as he was supposed to move into his new house in mid-June 2006. A few days later,
11 Valdovinos told Torres that the previous owner changed his mind about selling the house. Torres and
12 his wife were forced to move into another apartment while Valdovinos searched for another house for
13 them.

14 229. In August 2006, Valdovinos found a house for Torres to purchase, located at 2623
15 Lombard Avenue, San Jose, California, 95116. Torres filled out loan documentation for a loan
16 arranged through Tran.

17 230. The first loan was from Ownit Mortgage Solutions, Inc. for \$512,000. The initial
18 monthly payments on this loan were \$3,859.84 per month. It was an adjustable interest rate loan with
19 an initial interest rate of 8.875% and a balloon. This loan came with \$15,564.72 in various finance
20 charges. The second loan was also from Ownit Mortgage Solutions for \$128,000. The monthly
21 payments on this loan were initially \$1,342.62. The loan had an adjustable interest rate with a
22 starting rate of 12.5%.

23 231. When Torres received his first statement, he learned that his monthly mortgage
24 payments totaled \$5,000, approximately \$2,500 more per month than what he told Valdovinos and
25 Tran he was able to afford per month. Panicked, Torres called Valdovinos and Tran and told them he
26 could not afford such high monthly payments. Tran told Torres not to worry, that in three months he
27 could refinance and his payments would be \$2,500 per month. Tran wrote Torres a personal check
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1 for \$2,000 to help him make his first month's loan payments. Tran told Torres that this check was
2 from her personal account, and that Torres would pay it back when he refinanced in three months.

3 232. From September to November, Torres struggled to make a monthly loan payment that
4 was approximately \$2,500 more per month than what he was able to afford.

5 233. In November 2006, Tran and Valdovinos called Torres into her office to sign loan
6 documents for a refinance. Tran told Torres that the refinance would lower his monthly payments to
7 \$2,800 per month, and that he would have a fixed interest rate.

8 234. Defendant Tran knowingly fabricated Torres's income and assets in his loan
9 applications. Tran purposefully withheld information from Torres regarding the loan to induce him
10 to continue with a loan he could not afford.

11 235. After signing documents for a first and second loan, Tran told Torres that he did not
12 qualify for the entire amount of the refinance, and that he would need to sign a third loan through a
13 private party named Pablo Curiel.

14 236. Torres questioned Tran about the third loan, and asked why a third loan was necessary
15 since he had good credit. Tran said that Torres no longer had good credit, and therefore that the third
16 loan was necessary to refinance. She also said that he must get the third loan because Torres had
17 already signed the first two loan documents.

18 237. Tran never explained the true nature of the loan documents to Torres. Torres believed
19 Tran when she told Torres that even with the third loan his loan payments would be \$2,800 per
20 month.

21 238. Torres never received any signed documents. He did not receive any documents
22 relating to the third Curiel loan except the Straight Note.

23 239. Two weeks later a notary public showed up at the Torres house unannounced. She
24 told Torres that the loan documents had been lost and he needed to sign them again, and that he
25 should backdate the document to the date that he signed the original loan papers in Tran's office.
26 After Torres signed the documents, the notary took Torres's copy of unsigned loan documents that
27 Torres had in his possession. The documents that the notary took from Torres were the only copy he
28 had of loan related documents.

1 240. In the middle of December, Torres received his first mortgage payment statement after
2 the refinance transaction and realized that his monthly mortgage payment would be only \$200 less
3 per month than before the refinance.

4 241. When he received his first mortgage payment statement, Torres learned for the first
5 time the terms of the refinance. Torres's first loan was through Alliance Bancorp for \$528,000. His
6 initial interest rate was 9.125%. The loan was an adjustable rate balloon note, and the interest rate
7 could adjust up to 11.95%.

8 242. Torres's second loan was for \$66,000 from Alliance Bancorp. The initial interest rate
9 was 12.5%.

10 243. Torres's third loan was for \$87,500 from Pablo Curiel. Tran explained to Torres that
11 approximately \$20,000 of that loan was paid to Defendants as "upfront interest." The loan is interest
12 only for two years, which is due in monthly installments of \$729.17, after which time a balloon
13 payment of the entire loan amount would have been due.

14 244. Every month following the signing of the loan documents Torres had severe
15 difficulties trying to make his monthly payments. Because of the stress of trying to make such high
16 monthly loan payments Torres was hospitalized in Santa Clara County Valley Medical Center
17 Hospital for two days.

18 245. In June of 2008, the Torres family lost the home in foreclosure. Since that time, they
19 have been essentially homeless, living in an illegally converted garage, with no heat and no kitchen.
20 The family of four has looked for more suitable housing, but because of bad credit has been
21 unsuccessful.

22 **Plaintiff Raul Gonzalez**

23 246. Raul Gonzalez purchased the home located at 5427 Vauxhall Circle, San Jose, CA
24 95008, with the assistance of Valdovinos and Tran.

25 247. On or about January 2006 Gonzalez went to see Valdovinos with his girlfriend,
26 Margarita Narvaez, and his nephew, Andres Gallego. They intended to purchase the home together.

27 248. Valdovinos said she was going to run a credit check on Gonzalez, Narvaez, and
28 Gallego's credit, and after doing so informed them that Gonzalez had the best credit and would be the

1 only person eligible to apply for a loan for the house. This entire meeting and all other conversations
2 related to the loan were conducted in the Spanish language only.

3 249. Gonzalez, Narvaez, and Gallego left, and for the next four months continued to look
4 for houses that they could afford with the help of Valdovinos's romantic and business partner,
5 Chavez.

6 250. When Gonzalez found a house that he wanted to purchase, Valdovinos referred him to
7 Tran. Gonzalez went to Tran's office in approximately April 2006 and she asked him questions
8 about his income for the loan application. Gonzalez told Tran that he made \$2,800 per month, and
9 could afford monthly mortgage payments of no more than \$3,000 per month.

10 251. Tran informed Gonzalez that he qualified for two home loans based on his application.
11 Gonzalez signed the loan documents and left the meeting with an understanding that he had signed
12 documents for two bank loans.

13 252. A few days later, in early May 2006, Tran called Gonzalez and Narvaez back to her
14 office and informed them that the bank had not qualified Gonzalez to borrow as much money as he
15 needed, and that there was \$60,000 that Gonzalez still needed to borrow to be able to purchase the
16 home.

17 253. Tran told them that they had already committed to the first two loans, and that to
18 borrow the rest of the money they needed to get a third loan with a private individual. Tran told
19 Gonzalez and Narvaez that the third loan would have to be for \$86,250 instead of the \$60,000 that
20 they needed because this loan came with "pre-paid interest." In addition, the third loan would have a
21 10% monthly interest payment.

22 254. Gonzalez did not want to sign for the third loan but was told that because he had
23 already committed to the first two loans he had to sign for the third loan. Feeling that he had no
24 choice, Gonzalez signed a straight note for a loan from Pablo Curiel for \$86,250.

25 255. Valdovinos and Tran did not provide proper loan disclosures to Gonzalez, nor with
26 disclosures translated into Spanish.

27 256. Gonzalez's loan application, dated May 15, 2006, was falsified in several respects by
28 Tran. The application falsely listed Gonzalez's monthly income as \$14,856, when his income is

1 actually \$3,000. The application listed that he had savings of \$85,000, as well as other assets worth
2 \$45,000 \$38,000 and \$85,000. All of this information is false. Unbeknownst to Gonzalez, Tran
3 falsified Gonzalez's loan application to reflect that he made \$14,000 per month as a painter.

4 257. Defendant Tran also arranged for Gonzalez to pay approximately \$900 for
5 homeowners insurance through Paul Curiel. Gonzalez was never informed of or consented to the
6 homeowner's insurance policy, and did not have the opportunity to negotiate its terms.

7 258. Tran falsified Gonzalez's loan application, misrepresented the loan terms to Gonzalez,
8 and did not fully disclose other material loan terms to him. For example, Gonzalez's second loan
9 through National City Bank has a balloon payment of \$79,994 after 15 years.

10 259. Gonzalez has suffered damages because of Tran and Valdovinos' misrepresentations.

11 260. Gonzalez's first loan was from Countrywide Bank for \$517,500. This is an adjustable
12 rate loan with an initial interest rate of 7.50%. The initial payment on this loan was \$1,434.37.

13 261. Gonzalez's second loan was from National City Bank in the sum of \$103,200. The
14 initial interest rate was 8.00%. The initial loan payment on this loan was \$757.25. The loan also
15 carried a large balloon.

16 262. Gonzalez's third loan was provided Pablo Curiel for \$86,250. This loan included
17 "prepaid interest" plus an interest rate of 10%. The loan also carried a two-year balloon.

18 263. In February 2008, Gonzalez lost his home in foreclosure. He has struggled finding
19 adequate housing since that time due to his poor credit.

20 **III. CLAIMS FOR RELIEF**

21 **FIRST CLAIM FOR RELIEF**

22 11 U.S.C. § 523(a)(2)(A)

23 False Pretenses, False Representations, Actual Fraud

24 264. Plaintiffs incorporate herein by reference all of the preceding allegations of this
25 Complaint.

26 265. Defendant made false promises and misrepresentations to Plaintiffs as alleged above,
27 including, but not limited to, misrepresentations in the loan application, misrepresentations in the
28 number of loans being taken out, misrepresentations regarding the terms of the loans,

1 misrepresentations regarding Plaintiffs' ability to qualify and afford payments under these loans, and
2 misrepresentations and failures to disclose the true costs and fees related to the loans and the
3 placement of insurance on their properties.

4 266. Defendant intentionally concealed from Plaintiffs the true nature of the loans and did
5 so to deceitfully induce them into entering the transactions. Defendant's true intention was to close
6 the loans that would enrich herself through fees that she would receive from lenders. Defendant
7 knew that the Plaintiffs could not afford the monthly mortgage payments and would require
8 refinancing, which would enrich her more because she earned fees with each refinance transaction
9 that she closed. Defendant knew that ultimately the Plaintiffs would not be able to remain in the
10 homes.

11 267. Defendant made these false statements and representations with the knowledge that
12 they were false, with the intent to deceive Plaintiffs, and with the knowledge that Plaintiffs would
13 rely on them. Plaintiffs relied on Defendant's false statements and misrepresentations, and they were
14 reasonable and justified in relying on said representations and nondisclosures because the Plaintiffs
15 were unsophisticated regarding real estate transactions, and Defendant was experienced in real estate
16 dealings. Plaintiffs had a right to rely on said representations. Absent those misrepresentations,
17 Plaintiffs would not have entered into the transactions.

18 268. As a result of Defendant's fraudulent misrepresentations and omissions, Plaintiffs
19 have sustained damages in an amount to be determined at trial.

20 269. Defendant's conduct as alleged herein was a substantial factor in causing the damages
21 sustained by Plaintiffs, and as a direct, proximate, and legal result of the above alleged fraudulent
22 representations and omissions, Plaintiffs have suffered and will continue to suffer damages in an
23 amount to be proven at trial, including, but not limited to, damages for loss of property and money
24 and damages for emotional distress.

25 270. Based on the foregoing, this Court should find that the debts owed by Defendant to
26 Plaintiffs are exempt from discharge pursuant to 11 U.S.C. section 523(a)(2)(A).

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1 **SECOND CLAIM FOR RELIEF**

2 11 U.S.C. § 523(a)(4)

3 Fraud as a Fiduciary

4 271. Plaintiffs incorporate herein by reference all of the preceding allegations of this
5 Complaint.

6 272. California law imposes on real estate agents and mortgage brokers, as fiduciaries, the
7 same obligations of undivided service and loyalty that it imposes on a trustee in favor of a
8 beneficiary. This fiduciary duty is non-delegable by a mortgage broker in California.

9 273. Defendant owed Plaintiffs fiduciary duties of the utmost loyalty, good faith, and
10 diligence. Defendant breached those fiduciary duties by, inter alia:

- 11 a. failing to inform Plaintiffs about onerous loan terms, such as prepayment
12 penalties, negative amortization, and balloon payments;
13 b. failing to provide documents in Spanish;
14 c. failing to explain the terms of the loans to Plaintiffs;
15 d. inducing Plaintiffs to sign the loans by threatening them that they would lose
16 their deposit;
17 e. falsifying employment status and assets of Plaintiffs;
18 f. inducing Plaintiffs to enter transactions by misrepresenting the terms of the loans;
19 g. steering Plaintiffs to inferior loan products that yielded higher commissions to
20 Defendant;
21 h. failing to disclose adequately the terms and nature of the relationship between the
22 defendants in the Federal Court Action;
23 i. charging Plaintiffs excessive and unearned broker fees; and
24 j. taking proceeds directly from the loan proceeds.

25 274. Defendant engaged in her conduct alleged in this Complaint for her own financial
26 interests, and in callous disregard for the foreseeable and inevitable financial consequences to the
27 Plaintiffs.

28 275. Defendant operated as an agent of Absolute, Palacio, and Tara, and abandoned her
fiduciary duty to Plaintiffs.

276. Defendant failed to act diligently by failing to evaluate the Plaintiffs' ability to repay the loans, failing to disclose all material terms of the transaction, and failing to comply with applicable consumer protections.

277. As a result of Defendant's breach of her fiduciary duties to Plaintiffs, Plaintiffs have sustained damages in an amount to be proved at trial.

278. Defendant's conduct as alleged herein was a substantial factor in causing the damages sustained by Plaintiffs, and as a direct, proximate, and legal result of the above alleged breach of fiduciary duty, Plaintiffs have suffered and will continue to suffer damages in an amount to be proven at trial, including, but not limited to, damages for loss of property and money and damages for emotional distress.

279. Plaintiff is informed and believes, and thereon alleges, that Defendant is guilty of malice, fraud, or oppression, as defined in Cal. Civil Code section 3294, and where appropriate, Plaintiff should therefore recover, in addition to actual damages, damages to make an example of and punish the Defendant.

280. Based on the foregoing, this Court should find that the debt owed by Defendant to Plaintiffs is nondischargeable under 11 U.S.C. section 523(a)(4).

THIRD CLAIM FOR RELIEF

11 U.S.C. § 523(a)(6)
Willful and Malicious Injury

281. Plaintiffs incorporate herein by reference all of the preceding allegations of this complaint.

282. Defendant, in doing the acts alleged above, acted willfully and maliciously to injure Plaintiff, by converting for her own use and enjoyment, money or property rightfully belonging to the Plaintiffs (e.g., mortgage proceeds, equity from the home, and deposits). Because of the foregoing, Plaintiffs have been damaged in an amount to be determined at trial.

283. In doing the acts herein alleged, Defendant acted with oppression, fraud, and malice, and Plaintiffs are entitled to punitive damages in a sum according to proof.

284. The debts of Defendant to Plaintiff for the actions above are exempt from discharge pursuant to 11 U.S.C. section 523(a)(6).

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FOURTH CLAIM FOR RELIEF

11 U.S.C. § 727(a)(3)

Concealment, Destruction, or Mutilation of Records

285. On information and belief, Defendant has concealed, destroyed, mutilated, falsified, or failed to keep or preserve books, records, documents and papers, including books, documents, records and papers from which Defendant's financial condition or business transactions might be ascertained.

286. Defendant has failed and refused to provide Plaintiff copies of her individual and corporate tax returns for the 2008 tax year, as required by 11 U.S.C. section 521(e)(3)(A)(ii) and Interim Rule 4002(b)(4).

287. Defendant Tran has concealed records by repeatedly failing and refusing to produce documents, which the Court has ordered her to produce.

288. Defendant Tran's discharge should be denied under 11 U.S.C. section 727(a)(3) because she has concealed records.

FIFTH CLAIM FOR RELIEF

11 U.S.C. § 727(a)(6)(A)

Failure to Obey Lawful Order of the Court

289. Defendant has refused in this case to obey the lawful order of this Court, to wit, the orders dated July 13, 2009, under which this Court ordered Defendant to "appear for examination concerning the acts, conduct, and property of the Debtor, the liabilities and financial condition of the Debtor, matters which affect the administration of the Debtor's estate, the Debtor's right to a discharge, the Debtor's income and other matters set forth in Fed. R. Bankr. P. 2004(b)."

290. Defendant was further ordered to "produce at the time and location of the examination the documents requested on Exhibit 'A' attached to the Movant's Application, pursuant to Fed. R. Bankr. P. 2004(c)." Defendant has refused to obey this order of the Court.

291. Defendant failed to meaningfully appear, as she did not bring many of the documents, and refused to obtain them.

292. Further, she was unavailable for an adequate amount of time to conduct the 2004 exam, and on August 18, 2009, both parties agreed to continue the exam to a later time and date.

293. Defendant has refused to re-appear for a continued 2004 exam.

294. The discharge of Defendant should be denied under 11 U.S.C. section 727(a)(6)(A).

WHEREFORE, Plaintiffs pray that the Court determine that the debts owed to Plaintiffs are nondischargeable, that Plaintiffs have judgment against Defendant in an amount to be determined at trial, that this Court award Plaintiffs punitive damages according to proof, that Plaintiffs have such other further relief as is just, including reasonable costs and attorney fees, that this discharge of the Debtor from her debts be denied, and that Plaintiffs be awarded such other and further relief as the Court deems just and proper.

Dated: September 24, 2009

GREENBERG TRAURIG, LLP

By: /s/
William J. Goines
Karen Rosenthal
Cindy Hamilton

FAIR HOUSING LAW PROJECT

By: /s/
Kyra Kazantzis
Annette Kirkham
Jessica Fry

Attorneys for Plaintiffs

DEMAND FOR JURY TRIAL

Pursuant to Federal Rule of Civil Procedure 38(b) and Federal Rule of Bankruptcy Procedure 9015, Plaintiffs hereby demand a trial by jury.

Dated: September 24, 2009

FAIR HOUSING LAW PROJECT

By: /s/
Kyra Kazantzis
Annette Kirkham
Jessica Fry

Attorneys for Plaintiffs